DEPARTMENT OF HEALTH AND HUMAN SERVICES
HEALTH CARE FINANCING ADMINISTRATION

FORM APPROVED
OMB NO. 0938-0193

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL

FOR: HEALTH CARE FINANCING ADMINISTRATION

1. TRANSMITTAL NUMBER: 0 4 — 0 1

2. STATE: VIRGINIA

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)

TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE
January 4, 2004

5. TYPE OF PLAN MATERIAL *(Check One)*:

☐ NEW STATE PLAN ☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN ☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT *(Separate Transmittal for each amendment)*

6. FEDERAL STATUTE/REGULATION CITATION:
Section 1927 of the SSA, OBRA '90

7. FEDERAL BUDGET IMPACT:
a. FFY 2004 $(296,255)
b. FFY 2005 $(296,255)

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:
Sec. 4.26, pp. 74 through 74d

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT *(If Applicable)*:
Same

10. SUBJECT OF AMENDMENT:
Prospective Drug Utilization Review (ProDUR)

11. GOVERNOR'S REVIEW *(Check One)*:

☐ GOVERNOR'S OFFICE REPORTED NO COMMENT
☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL
☒ OTHER, AS SPECIFIED: Secretary, Health and Human Resoures

12. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME:
Patrick W. Finnerty

14. TITLE:
Director, DMAS

15. DATE SUBMITTED:
February 5, 2004

16. RETURN TO:
Dept. of Medical Assistance Services
600 East Broad Street
Richmond, Virginia 23219

Attn.: Regulatory Coordinator

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED: 2/9/04

18. DATE APPROVED: MAR 19 2004

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:
1/4/04

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPED NAME:
MARY T. MCSORLEY

22. TITLE: ASSOCIATE REGIONAL ADMINISTRATOR
DIVISION OF MEDICAID & CHILDREN'S HEALTH

23. REMARKS:

FORM HCFA-179 (07-92)

Instructions on Back

Revision: HCFA-PM-93-3 (MB)
March, 1992

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of VIRGINIA

Citation

4.26 Drug Utilization Review Program

1927(g)
42 CFR 456.700

(a) (1) The Medicaid agency meets the requirements of Section 1927(g) of the Act for a drug use review (DUR) program for outpatient drug claims.

1927(g)(1)(A)

(2) The DUR program assures that prescriptions for outpatient drugs are:

- Appropriate
- Medically necessary
- Are not likely to result in adverse medical results

1927(g)(1)(A)
42 CFR
456.705(b) and
456.709(b)

(b) The DUR program is designed to educate physicians and pharmacists to identify and to reduce the frequency of patterns of fraud, abuse, gross overuse, or inappropriate or medically unnecessary care among physicians, pharmacists, and patients or associated with specific drugs as well as:

- Potential and actual adverse drug reactions
- Therapeutic appropriateness
- Over-utilization and underutilization
- Appropriate use of generic products
- Therapeutic duplication
- Drug disease contraindications
- Drug-drug interactions
- Incorrect drug dosage or duration of drug treatment
- Drug allergy interactions
- Clinical abuse/misuse

1927(g)(1)(B)
42 CFR 456.703
(d) and (f)

(c) The DUR program shall assess data use against predetermined standards whose source materials for their development are consistent with peer-reviewed medical literature which has been critically reviewed by unbiased independent experts and the following compendia:
American Hospital Formulary Service Drug Information
United States Pharmacopeia-Drug Information
MICROMEDICS (as updated monthly)
Facts and Comparisons (as updated monthly)
Drug Information Handbook (2003, 2004 as amended)

Revision: HCFA-PM-93-3 (MB)
March, 1992

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of VIRGINIA

Citation			
1927(g)(1)(D)	(d)		DUR is not required for drugs dispensed to residents of nursing facilities that are in compliance with drug regimen review procedures set forth in 42 CFR 483.60. The State has never-the-less chosen to include nursing home drugs in: ☐ Prospective DUR. ☒ Retrospective DUR
1927(g)(2)(A)(i)	(e)	(1)	The DUR program includes prospective review of drug therapy at the point of sale or point of distribution before each prescription is filled or delivered to the Medicaid recipient.
1927(g)(2)(A)(i) 42 CFR 456.705(b), (1)- (7)		(2)	Prospective DUR includes screening each prescription filled or delivered to an individual receiving benefits for potential drug therapy problems due to: - Therapeutic duplication - Drug disease contraindications - Drug-drug interactions - Drug-interactions with non-prescription or over-the-counter drugs - Incorrect dosage or duration of drug treatment - Drug allergy interations - Clinical abuse/misuse
1927(g)(2)(A)(ii) 42 CFR 456.705(c) and (d)		(3) (4)	Prospective DUR includes counseling for Medicaid recipients based on standards established by State law and maintenance of patient profiles. Prospective DUR may also include electronic messages as well as rejection of claims at point-of-sale pending appropriate designated interventions by the dispensing pharmacist or prescribing physician.
1927(g)(2)(B) 42 CFR 456.709(a)	(f)	(1)	The DUR program includes retrospective DUR through its mechanized drug claims processing and information retrieval system or otherwise which undertakes ongoing periodic examination of claims data and other records to identify: - Patterns of fraud and abuse - Gross overuse - Inappropriate or medically unnecessary care among physicians, pharmacists, Medicaid recipients, or associated with specific drugs or groups of drugs.

Revision: HCFA-PM-93-3 (MB)
March, 1992

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of VIRGINIA

Citation			
1927(g)(2)(C) 42 CFR 456.709(b)	(f)	(2)	The DUR program assesses data on drug use against explicit predetermined standards including but not limited to monitoring for: - Therapeutic appropriateness - Over-utilization and underutilization - Appropriate use of generic products - Therapeutic duplication - Drug disease contraindications - Drug-drug interactions - Incorrect dosage/duration of drug treatment - Clinical abuse/misuse
1927(g)(2)(D) 42 CFR 456.711		(3)	The DUR program through its State DUR Board, using data provided by the Board, provides for active and ongoing educational outreach programs to educate practitioners and pharmacists on common drug therapy problems to improve prescribing and dispensing practices.
		(4)	In situations of conflict with these criteria, DMAS, pursuant to the DUR Board's criteria and requirements, shall reject or deny presented claims and require the dispensing pharmacist to intervene as specified through electronic messages in the point-of-sale system before the claim will be approved for payment.
1927(g)(3)(A) 42 CFR 456.716(a)	(g)	(1)	The DUR program has established a State DUR Board either: ☒ Directly ☐ Contract with a private organization
1927(g)(3)(B) 42 CFR 456.716 (A) and (B)		(2)	The DUR Board membership includes health professionals (one-third licensed actively practicing pharmacists and one-third but no more than 51 percent licensed and actively practicing physicians) with knowledge and experience in one or more of the following: - Clinically appropriate prescribing of covered outpatient drugs. - Clinically appropriate dispensing and monitoring of covered outpatient drugs. - Drug use review, evaluation and intervention. - Medical quality assurance.
1927(g) (3) (C) 42 CFR 456.716(d)		(3)	The activities of the DUR Board include: - Prospective DUR - Retrospective DUR - Application of Standards as defined in §1927(g)(2)(C), and - Ongoing interventions for physicians and pharmacists targeted toward therapy problems or individuals identified in the course of retrospective DUR

Revision: HCFA-AT-80-38 (BPP)
May 22, 1980

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
State of VIRGINIA

Citation			
1927(g)(3)(C) 42 CFR 456.711 (a)-(d)	(g)	(4)	The interventions include in appropriate instances: - Information dissemination - Written, oral, and electronic reminders - Face-to-Face and telephonic discussions - Intensified monitoring/review of prescribers/ dispensers - Rejected or denied claims, as appropriate, to prevent the violation of the DUR Board's predetermined criteria.
1927(g)(3)(D) 42 CFR 456.712 (A) and (B)	(h)		The State assures that it will prepare and submit an annual report to the Secretary, which incorporates a report from the State DUR Board, and that the State will adhere to the plans, steps, procedures as described in the report. The Medicaid agency ensures that predetermined criteria and standards have been recommended by the DUR Board and approved by either BMAS or the director, acting on behalf of the BMAS, pursuant to Virginia Code § 32.1-324 and that they are based upon documentary evidence of the DUR Board. The activities of the DUR Board and the Medicaid fraud control programs are and shall be maintained as separate. The DUR Board shall refer suspected cases of fraud or abuse to the appropriate fraud and abuse control unit with the Medicaid agency.
1927(h)(1) 42 CFR 456.722	(i)	(1)	The State establishes, as its principal means of processing claims for covered outpatient drugs under this title, a point-of-sale electronic claims management system to perform on-line: - real time eligibility verification - claims data capture - adjudication of claims. Such adjudication may include the rejection or denial of claims found to be in conflict with DUR criteria. Should such rejection or denial occur during the adjudication process, the dispensing pharmacist shall have the opportunity to resolve the conflict and re-submit the claim for re-adjudication. - assistance to pharmacists, etc., applying for and receiving payment.

1927(g)(2)(A)(i)
42 CFR
456.705(b)

(2) Prospective DUR is performed using an electronic point of sale drug claims processing system.

1927(j)(2)
42 CFR
456.703(c)

(j) Certain hospitals which dispense covered outpatient drugs are exempted pursuant to federal law from the drug utilization review requirements of this section when facilities use drug formulary systems and bill the Medicaid program no more than the hospital's purchasing cost for such covered outpatient drugs.